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FM AMEMBASSY QUITO  
TO RUEHC/SECSTATE WASHDC 0184  
INFO RUEHBO/AMEMBASSY BOGOTA 8051  
RUEHCV/AMEMBASSY CARACAS 3465  
RUEHLP/AMEMBASSY LA PAZ MAR LIMA 3113  
RUEHMD/AMEMBASSY MADRID 1832  
RUEHGL/AMCONSUL GUAYAQUIL 4205  
RHMFISS/DEPT OF ENERGY WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L QUITO 000196

SIPDIS

DEPT FOR WHA/EPSC FAITH CORNEILLE  
USTR FOR BENNETT HARMAN

E.O. 12958: DECL 3/19/2019  
TAGS: [EPET](#) [ENRG](#) [EINV](#) [ECON](#) [EC](#)  
SUBJECT: ANOTHER U.S. OIL COMPANY LEAVES ECUADOR

REFTEL: A) QUITO 173  
B) 08 QUITO 983  
C) 08 QUITO 681

Classified By: DCM Andrew Chritton, Reasons 1.4 (b&d)

11. (U) On March 12, as planned, Spanish oil company Repsol signed a new oil contract with the Government of Ecuador (details of the agreement can be found in reftel A). The same day, it bought out U.S. minority partner Murphy Oil's share of the petroleum consortium. On March 13, Murphy announced the sale of its Ecuadorian holdings on its website, noting that the sale was effective March 1.

12. (C) A Murphy representative told econoff in February that even if Murphy sold its share of the Repsol consortium, the company did not plan to withdraw its international arbitration case challenging Ecuador's windfall petroleum revenue tax. The representative was not available after the sale was concluded to confirm whether Murphy still intends to pursue its arbitration case.

13. (C) Comment: Murphy's departure follows that of another U.S. oil company, City Oriente, in August 2008 (reftel C). With these departures, Burlington is the sole remaining U.S. company with an investment in Ecuador's oil sector, and it too wants to sell its Ecuadorian operations. U.S.-owned Noble Energy still operates a natural gas field, and, bucking the departure trend, Ivanhoe Energy, a Canadian-registered company with U.S. investment, plans to invest in an Ecuadorian heavy oil field (ref B).

HODGES